COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE IMPLEMENTATION OF THE UNION LIGHT, HEAT AND POWER COMPANY OF EXPERIMENTAL GAS TARIFFS	)))	CASE NO. 9371

O R D E R

IT IS ORDERED that Union Light, Heat and Power Company ("ULH&P") shall file an original and seven copies of the following information with the Commission, with a copy to all parties of record, within three weeks from the date of this Order. If the information requested or a motion for an extension of time is not filed by the stated date, the Commission may dismiss the case without prejudice.

1. Has ULH&P lost customers to alternate fuels during the past two years? If yes, how many? What reasons led these customers to shift to other fuels?

2. For the ten largest customers who have shifted to other fuels, provide data on the volume of natural gas sold to these customers during their last two years of service, estimate the volume of lost sales and the associated loss in revenues due to the shift to alternate fuels.

3. Will ULH&P still offer its transportation tariff currently in effect?

4. Provide specific examples of customers who may be interested in the "Experimental Firm Transportation Service". If specific examples aren't available, describe the general

characteristics of the customers who might be interested in this service.

5. What is the cost basis for the proposed Rate FT? Provide support for the administrative charge, transportation charge and minimum bill.

6. Why does Rate FT include recovery of demand charges?

7. Explain how the pipeline supplier demand component relates to the transportation charge. What does the $1.57 per Mcf represent? How was it derived?

8. Furnish a detailed example of the pipeline supplier demand component to cover a two year period including an explanation of accounts and sources of accounts.

9. Is the demand cost component a method of charging customers who use this service a portion of the fixed costs associated with ULH&P's take or pay liabilities?

10. How was the demand cost component of Rate FT determined? Provide workpapers showing the method of determination.

11. Will the demand charge recovery mechanism reduce the GCA for all of ULH&P's customers or only the specific customer who uses this service?

12. Why should these customers be willing to pay a demand cost component in the rate?

13. How will the GCA credit ultimately reduce the GCA for remaining customers? Will ULH&P reduce its contract demand from its suppliers?

14. Explain how the transportation balancing adjustment works. How does it affect customers not served by an experimental tariff and the GCA filings?

15. Does ULH&P plan to revise its GCA clause to reflect changes that may be required as a result of the experimental tariffs? Will separate adjustments be necessary for customers served under these tariffs as opposed to ULH&P's other customers?

16. What is the effect on cash flow during time before credits may flow-thru the GCA?

17. What is the cost basis for the proposed rate UG? Provide support for the customer charge, commodity charges and minimum bill.

18. Why does rate UG include recovery of demand charges?

19. Provide specific examples of customers who may be interested in the "Experimental Uncommitted Gas Service". If specific examples aren't available, describe the general characteristics of the customers who might be interested in this service.

20. Why should these customers be willing to pay a demand cost component in the rate?

21. How does this rate differ from a seasonal service rate?

22. How do the demand cost and pipeline supplier demand components differ from the same components in Rate FT? Are they intended for the same reasons and derived in the same manner as those in Rate FT? If not, explain.

23. How might volumes of gas sold to customers under Rate UG cause additional charges from ULH&P's pipeline suppliers?

24. Provide specific examples of customers who may be interested in the "Experimental Competitive Fuel Service". If specific examples aren't available, describe the general characteristics of the customers who might be interested in this service.

25. What is the cost basis for the proposed Rate CF?

26. How were the $2.50 maximum and $0.30 minimum determined? Provide workpapers. Does this include transportation charges of other pipelines when required? What expenses does Rate CF include?

27. Does the range from $2.50 to $0.30 per Mcf mean the actual cost of providing this service is $0.30 per Mcf and thus any amount received above the floor price is profit? Will these profits be listed as revenues in the rate base?

28. If the cost of providing this service is between $2.50 and $0.30 per Mcf and a large percentage of customers are willing to pay only $0.30 per Mcf, who will absorb the differential in costs?

29. What process will ULH&P use to verify the affidavit submitted by a customer stating that the customer has a source of supply of an alternate fuel which is lower in equivalent price than the company's cost of gas delivered under its tariffs?

30. What are the benefits and costs to ULH&P's other customers from offering Rate CF?

31. Identify the expenses ULH&P will incur to provide "Experimental Competitive Fuel Service".

32. Will additional employees be required to man ULH&P's "brokering" efforts under Rate CF? Who will pay for the additional administrative cost?

33. Provide a sample of the written agreement that ULH&P would require with its customer under each type of proposed service.

34. How will ULH&P prevent customers from nominating more gas than they can use?

35. How was the rate determined for penalty gas? Provide workpapers.

36. What additional construction may be necessary or will ULH&P undertake in offering any of its proposed tariffs?

Done at Frankfort, Kentucky, this 17th day of October, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Heman Jr.
For the Commission

ATTEST:

Secretary